



# **Patchogue-Medford School District**

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## **Updated Risk Assessment**

**November 2015**

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The Board of Education  
Patchogue-Medford Union Free School District  
241 South Ocean Avenue  
Patchogue, NY 11772



Board of Education:

We have been retained to function as the internal auditor for the Patchogue-Medford Union Free School District (hereinafter, "the District"). Our responsibility is to assess internal control systems in place within the District, and to make recommendations to improve upon certain control weaknesses or deficiencies. In doing so, we hope to provide assurance to the District's Board, management, and residents, that the fiscal operations of the District are being handled appropriately and effectively.

The first step of the internal audit process is to develop a detailed risk assessment of the operations, systems, and controls in place within the District. We performed such an assessment in the 2014-2015 school year, and issued our report dated September 2015 to the Board of Education, outlining our findings and those areas we believed additional testing should be focused on by the District. The purpose of this report is to update that risk assessment for the 2015-2016 fiscal year.

#### **Review of Staffing:**

For the 2015-2016 school year, the District did not have any changes in key positions with respect to the business office or other management responsibilities. Please note that we consider key positions to be those within the Business Office as well as Assistant Superintendents and key directors throughout the District.

As part of updating the risk assessment, we interviewed business office staff to confirm that our understanding of the internal controls over various business functions and processes had remained consistent with our understanding as documented during our detailed risk assessment performed in the 2014-2015 school year.

If any additional staff changes occur we will review those items within the various departments of note and adjust our testing accordingly.

#### **Review of Board Policies:**

The District continues to proactively review and assess current policies, and considers revising existing policies or implementing new policies to strengthen the internal control environment of the District. On an annual basis, the District presents selected policies for the Board to review. No new policies with fiscal implications were created or amended by the Board of Education since our previous risk assessment. If any policies are

implemented or revised during the fiscal year, we will review those items to determine the impact on our risk assessment.

**Review of Changes in Information Technology Environment:**

There have not been any changes to hardware or software that pertains to the financial operations of the district. The District reviews the current access permissions as well as evaluates current technologies on an ongoing basis to ensure access security controls are properly implemented and monitored. If any additional changes occur within the information technology environment, we will review those items and adjust our testing accordingly.

**Review of Management Letter:**

We have reviewed the management letter for the fiscal year 2015 from R. S. Abrams & Company, LLP, the District's external auditors to determine if any additional key items arose during the District's external audit that were not previously considered in our risk assessment. The items outlined in the auditors' management letter are consistent with areas of risk outlined in our initial risk assessment.

**Review of Claims Auditor Reports:**

We have reviewed the claims audit reports prepared by the District's claims auditor. Based on our review of the claims auditor's findings, we have not identified any areas of risk that were not identified during our initial risk assessment. Should we determine that our risk assessment needs to be revised based on future reviews, we will notify the Board of any changes in our audit plan.

**External Factors: Compliance With Affordable Care Act (ACA):**

In accordance with the regulations stipulated by the ACA, the District has prepared a written procedure documenting the standard measurement period, the administrative period, and the stability period. In addition, the District has provided the Summary of Benefits of Coverage (SBC) and the Notice of Exchange to all new hires as well as to all employees on an annual basis. The District is currently obtaining the data to adhere to the IRS January 31, 2016 filing deadline to report the information required under sections 6055 and 6056 about offers of health coverage and enrollment in health coverage for District employees. As such, it appears the District is ensuring compliance with the ACA.

**Conclusion and Areas to be Tested by Internal Audit:**

Based upon the procedures performed, the risks outlined during our risk assessment performed in the 2014-2105 school year have not significantly changed, and those areas of risk previously outlined should continue to be the focus of the District. Since that time, we have tested the areas with the highest level of risk in the District. We have presented the results of our audit testing for the 2014 - 2015 school year to the Audit Committee and have agreed to review the internal controls within the transportation area for the 2015-2016 school year.

Should additional areas arise during our testing that we feel should be reviewed, we will discuss the matter with the Audit Committee and Board. In addition to our audit testing, we will follow-up on prior recommendations made to the Board. We continue to commend management for its proactive approach to internal controls within the District.

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We would like to thank the staff at the District for their cooperation and professionalism during our review.

We understand the fiduciary duty of the Board of Education, as well as the role of the internal auditor in ensuring that the proper control systems are in place and functioning consistently with the Board's policies and procedures.

Should you have any questions regarding anything included in our report, please do not hesitate to contact us at (631) 582-1600.

Sincerely,

*Cerini & Associates LLP*

Cerini & Associates, LLP  
Internal Auditors